

Supply chain crisis

Staff shortages spreading to all corners of UK business, survey finds

Brexit, global supply chain issues and the 'long tail of Covid-19' creates 'perfect storm for UK firms'

Kalyeena Makortoff

Mon 4 Oct 2021 0

=====

TRADURRE DA QUI:

Staff shortages are rippling out from the haulage, farming and hospitality sectors to almost all parts of the economy, putting "severe pressure" on medium-sized business across the UK, a new survey has warned.

More than a quarter of the 500 firms polled said the lack of staff was putting pressure on their ability to operate at normal levels, with reduced stock – due to the resulting supply chain disruption – hurting their business.

While some firms had considered cutting production, others were planning to raise prices, leading to concerns over rising inflation as the Christmas trading period approaches.

Nearly a fifth said they were increasing wages to attract new staff, while others were introducing extra perks to lure workers.

But the report, released by accountancy and advisory firm BDO, said the knock-on effects for consumers could be "significant", with nearly one-third of businesses saying the prices would need to rise in the next three to six months to make up for the disruption.

More than one-third of firms in the survey said they had also cut down on the kinds of products and services on offer, with a further third planned to do the same over the coming month unless the situation radically improves. A similar proportion expect stock ranges to be affected long-term.

Businesses blamed the pandemic and Brexit for the shortage of overseas workers, with 38% saying a lack of regional talent was hurting their ability to recruit much-needed staff. "Brexit, global supply chain issues and the long tail of Covid-19 has created a perfect storm for UK businesses," BDO partner Ed Dwan said.

"After navigating the challenges of the pandemic and hoping for some respite, businesses have found themselves facing more major disruption, with those across almost all sectors reporting staff shortages.

A QUI

=====

"This is an era of upheaval, and the challenges faced by the UK's mid-tier – the engine of the UK's economy – points to a long road ahead," Dwan said.

The survey lays bare the challenges facing all tiers of British business. HGV driver shortages have already resulted in fuel shortages across the country, while large companies such as Tesco warned last week that the labour crunch could lead to empty supermarket

shelves and panic buying in the lead-up to Christmas, unless the government relaxed immigration rules.

Prime minister Boris Johnson's government has since introduced emergency visas that will allow a potential 300 fuel drivers to arrive immediately and stay until the end of March, and let a potential 4,700 further food haulage drivers arrive from late October and leave by the end of February.

Elsewhere, the hospitality sector is also suffering from a lack of workers, with one in six jobs currently vacant, according to the latest business confidence survey from consultancy CGA and technology services firm Fourth.

Only 18% of the 200 businesses in the restaurant, pub and bar industries, said they were confident that they would be able to recruit and retain the staff needed to run their businesses. That is a dramatic drop from the 67% who felt secure about their talent prospects just three months ago.

Around two-thirds said they expect to be hiring staff at a higher rate than usual this year, and were already struggling with absences, reporting that on average about 6% of staff were currently in isolation due to ongoing Covid risks.

The shortage is forcing businesses to step up efforts to attract and keep hold of staff, with three-quarters saying they have offered better pay, while two-thirds have "tried to cultivate the right working culture" to retain workers. Bosses who have increased pay said they had hiked wages by 11% on average for current staff, and 13% for new hires.

The report said that higher wages would pile extra costs on the hospitality sector, which was already facing rising food, drink, supply and utility costs.

One of CGA's directors, Karl Chessell, said the figures illustrated the "full scale" of the hospitality sector's recruitment and retention crisis, and called for government support.

"Thousands of businesses are now critically short of staff, while many of those who have sufficient labour face a fight to keep hold of it," Chessell said. "Gaps at front and back of house and fast-rising wage costs threaten to derail the industry's recovery, and sustained, targeted government support is now urgently needed to tackle the problem."

<https://www.theguardian.com/business/2021/oct/04/staff-shortages-spreading-to-all-corners-of-uk-business-survey-finds>